

Reforming the Commission: Has the pendulum swung too far?

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Abstract

The article uses evidence from an original survey of 200 top Commission officials to suggest that, despite some positive developments, the Kinnock reforms have led to the “bureaucratization” of the organization through the proliferation of burdensome rules and cumbersome procedures. The article suggests that, unless reversed, the recent trend towards bureaucratization risks producing the opposite results than those intended by the modernizers. The expanded body of rules helps guard the Commission against accusations of fraud and mismanagement, but it also risks creating a culture of risk aversion that paralyzes initiative and undermines autonomy. Moreover, the bureaucratization of the Commission risks diffusing individual responsibility, hence exacerbating the problem it originally sought to solve. Despite strong demands from the top management about the reversal of the trend towards bureaucratization, the article suggests that the political nature of the reform drive makes it hard to reverse it.

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Introduction

Seven years after the administrative storm caused by the “Eurocleaners” of the Prodi Commission, the dust has started settling. It is a good time, then, to take stock. Have the ambitious modernization efforts managed to set in place a new administrative culture based on service? Have the reforms enhanced the managerial capacity and effectiveness of the fifty-year-old organization? And have they strengthened financial controls? Answers to these questions vary substantially depending on whom you ask. The Prodi Commission, which “laid the groundwork for the most radical administrative transformation” since the creation of the organization, boasts that within five years it completed all the reform-related measures set out in its 2000 White Paper (European Commission 2005). But Commission whistleblowers and auditors have argued that although the reforms are impressive on paper, in practice, the organization remains exposed to fraud and mismanagement. Moreover, unions representing Commission officials have delivered damning appraisals of the reforms, blaming them for demoralizing staff and for creating a “dog-eat-dog” atmosphere within the organization.¹ Scholarly observers have been more cautious in their analysis. Some have noted the unprecedented pace and scope of the reform (e.g. Kassim 2004) while others pointed to its pathologies (e.g. Levy 2006).

This article utilizes and extends the insights of earlier scholarly work to present the views of top European officials on the reform initiative. Rather than relying on the claims of the modernizers and their outspoken critics, the article reports the beliefs of those who experienced the reform first-hand, nearly 200 top managers whom we surveyed in 2005 through hourly personal interviews. The timing of the interviews could not have been more opportune: by early 2005, the Commission completed all 98 measures included in its ambitious reform program and started considering ways to push the reform beyond its original mandate. During this critical time, we asked officials to reflect on the modernization efforts and to evaluate the impact of the reforms on their working environment. Top managers responded to a battery of questions about the structure of the Commission, about the recent changes in personnel policy and about their preferred course of future reforms.

The emerging view from the top management of the organization is that, despite some positive developments, the recent reforms have led to the “bureaucratization” of the Commission through the proliferation of burdensome rules and cumbersome procedures. The article suggests that, unless reversed, the recent trend towards bureaucratization risks producing the opposite results than those intended by the modernizers. The expanded body of rules helps guard the Commission against accusations of fraud and mismanagement, but it also risks creating a culture of risk aversion that paralyzes initiative and undermines autonomy. Moreover, the bureaucratization of the Commission risks diffusing individual responsibility, hence exacerbating the problem it originally sought to solve.

¹ See, for example, Peter Chapman, “Kinnock staff reforms ‘not working’ claim unions” *European Voice*, 20 November 2003.

Up until the fall of the Santer Commission, in March 1999, the European Commission seemed to successfully resist repeated calls for reform. The first section of this paper briefly describes previous efforts to reform the workings of the organization before examining the crisis that catalyzed the modernization efforts. The third section provides a brief overview of the reform program and the fourth offers an “on paper” assessment of the reform. The fifth and lengthiest section reports the views of the Commission’s top management on the reforms and the sixth discusses the findings of the survey. The article ends with some concluding thoughts on the prospects of improving the current workings of the organization.

Previous modernization efforts

To appreciate the pace and scope of the recent reforms it is important to place them in historical perspective. This section provides a brief historical overview of earlier modernization efforts to point to the obstacles they confronted but also, to highlight significant continuities in reform efforts. Such efforts date back to the late 1970s, when an Independent Review Body chaired by Dirk Spierenburg noted that the “internal weaknesses” of the Commission reinforced its growing ineffectiveness. The Spierenburg Report urged reducing the number of administrative units and commissioners, strengthening the position of Directors-General, improving the distribution of the 8.300 officials across units and encouraging their mobility. Foreshadowing subsequent reforms efforts, the Report also called for the use of outside expertise and for the enhancement of management qualities (Spierenburg 1979). The suggestions of the Spierenburg Report received strong endorsement from another committee appointed in 1978 by the Council to “to consider adjustments to the machinery and procedures of the Community institutions.” Published shortly after the Spierenburg study, the “Report of the Three Wise Men” made a similar diagnosis of the problem and gave a parallel prescription for resolving administrative inefficiencies in the Commission (Biesheuvel, Marjolin and Dell 1979). But the prescriptions of the two independent bodies fell, initially, on deaf ears. Apart from a minor decrease in the number of administrative units, the European Council and staff representatives resisted modernization pressures.

Throughout the early 1980s, administrative reform remained low on the priorities of the Commission, which focused, instead, on the enlargement of the Community and the resolution of bitter budgetary disputes among member states. But the expansionist agenda of the Delors Commission and the enormous demands placed on the Commission by the implementation of the common market project exacerbated the organizational deficiencies highlighted by the Spierenburg committee. Moreover, the advent of New Public Management (NPM) in Britain, New Zealand and Australia reinforced calls for focusing on the managerial capacity of the organization. Responding to such calls, the new commissioner for Personnel and Administration, Henning Christophersen, used his modernization experience in Denmark to initiate a new reform effort. Under the guidance of Richard Hay, the Director General for Personnel Administration, the effort focused on strengthening the managerial skills of Commission officials and on deploying staff more efficiently through a five-year rolling program for the use of staff resources.

Moreover, there was an attempt to simplify internal procedures and to improve recruitment practices. Finally, the modernizers tried to shift financial responsibility to the Directors-Generals and to encourage them to delegate authority to lower levels in each directorate. With the end date of the common market approaching, the reformers sought to forge “a new model of public administration” with the aim of avoiding “Eurocracy” (Hay 1989: 42-46; here 51-52). The reforms had brought about some incremental improvements to the workings of the Commission but fell short of forging a new administrative model. Despite some minor steps toward improving its workings, the Commission continued to suffer from significant deficiencies in the way it deployed and managed human and financial resources (European Commission 1990).

By the early 1990s, the modernization effort was largely sidelined by the energetic push of the Delors Commission for economic and monetary integration. The launching of the single market project, the drafting of the Maastricht Treaty and the preparation for monetary integration extended the Commission’s field of activity and increased its administrative workload to unmanageable levels. Along with the Commission’s chronic administrative problems, the work overload created new calls for reform. Not surprisingly, a 1994 report on the state of the administration and its effectiveness “found that many the problems first identified by the Spierenburg Report fifteen years before had never been satisfactorily resolved, even if some progress had been made in fits and starts in the interim” (Stevens and Stevens 2001: 186). The report was disregarded by Delors, who continued until the end of his tenure, in 1995, to resist calls to reorganize the Commission.

Unlike Delors, Jacques Santer made administrative reform a priority for the incoming Commission. Lacking the political clout and backing that his predecessor enjoyed, Santer focused on consolidating the achievements of the Delors Commission by improving the efficiency and accountability of the organization. His principal organizational strategy was “less action, more efficiently” (Cini 2002: 8). The reform initiative followed three distinct phases labeled Sound and Efficient Financial Management (SEM 2000), Modernization of Administration and Personnel Policy (MAP 2000) and “Designing tomorrow’s Commission” (DECODE). The SEM program was launched in 1995 to promote sound and efficient management of financial resources. It sought to make the cost of political decisions clearer, to provide protection against fraud and to improve financial management procedures. The second phase of the Santer modernization program focused on administration and personnel policy. MAP 2000 “centered on decentralization and devolution of powers, simplification of procedures and the identification and application of new approaches in the administration and management of human resources.” The Commission made an effort to devolve powers to individual directorates and departments, which would be made responsible for the management of their resources (European Commission 1998). In 1997, the Commission combined SEM and MAP with a more comprehensive screening process, DECODE, that sought to “change the Commission’s management culture and prepare it for its tasks in 2000 and beyond” (European Commission 1999). It was largely a fact-finding examination of the Commission’s organization and operations that was intended to provide an updated picture of its activities, resources and procedures (Metcalf 2003: 4).

But the modernization effort suffered a major setback when a leaked report about personnel policy caused strike action by staff unions, undermining the credibility of the modernization push and slowing it down. In response to staff reactions, the Commission established a group made up of staff and management representatives under David Williamson, to examine a wide range of personnel issues. The findings of the Williamson group as well as those of the twelve DECODE groups were published after the resignation of the Santer Commission and set the basis for the modernization agenda of the Prodi Commission (Stevens and Stevens 2001: 186-194).

Crisis, Continuity and Change

By 1999, the modernization effort of the Santer Commission became overshadowed by the allegations of fraud, mismanagement and nepotism that led to its resignation in March. The allegations led to a motion of censure by the European Parliament (EP) against the Commission in January, which failed by a margin of 61 votes. In response to these pressures from the EP, the Santer Commission agreed to let a Committee of Independent Experts investigate the allegations and to report back within six weeks. The basic problem identified by the report was mismanagement: commissioners lost control of their departments, failed to respond effectively to chronic problems of understaffing, and avoided penalizing those responsible for irregularities. The prescribed solution, then, was the enhancement of the managerial capacity of the Commission, through an improvement in the allocation and control of its resources. Moreover, in light of some evidence of favoritism, the Committee also suggested that commissioners abide by “minimum standards of public life.” Overall, although the Committee found no evidence of direct involvement of the commissioners in fraud, it held them responsible for failing to prevent it. Pointing to a serious lack of accountability, the Committee concluded that “it is becoming increasingly difficult to find anyone that has even the slightest sense of responsibility” in the Commission (Committee of Independent Experts 1999: 144). Its damning critique led to the immediate resignation of the Santer Commission on 15 March 1999 and to its replacement by the Prodi Commission.

The institutional crisis that led to the resignation of the Santer Commission exposed the organizational deficiencies of the Commission and highlighted the urgent need for reform. In light of the findings of the Committee of Independent Experts, both the Parliament and the Council gave the incoming Commission a strong mandate to modernize the workings of the organization. Responding to institutional – but also, to popular pressures – Prodi made administrative reform one of his top priorities. Signaling the strong commitment of the new Commission to reform, Prodi appointed a Vice-President, the former Labor Party leader, Neil Kinnock, in charge of the modernization project. Only a few months after taking office, the Commission published a White Paper that detailed its reform proposals. The modernization effort drew from the findings of the two reports published by the Committee of Independent Experts and on a series of internal reports, including that of Williamson group and the DECODE assessment. This gave a sense of continuity between the Kinnock and earlier reforms (Christiansen 2004: 112-113) as a number of the proposed measures had been either initiated or suggested by previous Commissions. But, as the White Paper rightly noted, the scope and ambition of

the Prodi initiative far exceeded that of any previous reform exercise (European Commission 2000b: 6). For not only were some of suggestions novel, but they also came with tight deadlines for completion and clear assignments of tasks to the various directorates or units. More importantly, though, the Kinnock reforms were part of a comprehensive and cohesive reform strategy that was driven by a political vision to change the workings of the Commission.

The Kinnock reforms

The reform initiative of the Prodi Commission was launched in March 2000 with the approval and publication of the White Paper. The overall reform strategy of the Commission was divided into four themes set out in the first part of the White Paper. The second part detailed an action plan of 98 measures, deadlines for their implementation and the actors responsible for their execution (European Commission 2000b; 2000c). The first and overarching theme of the modernization push was the development of a “culture based on service.” As soon as it took office the Prodi Commission agreed on new standards of behavior for Commissioners and on a code for “good administrative behavior.” Moreover, it sought to enhance public access to EU documents, to improve the dialogue with civil society, to speed up payments to contractors and to build up the technological infrastructure of the organization. There was also an effort to codify relations with the EP, in light of institutional changes brought about by the Amsterdam Treaty. Most of the eleven measures detailed under the “culture” theme were improvements on actions initiated by previous Commissions. As Kinnock admits, the emphasis on culture was largely a “convenient, spray-on label to summarize inherited organizational custom” (Kinnock 2004: 8).

The second theme focused on the efficient allocation and use of resources based on the prioritization of policy outputs. Echoing NPM-type ideas implemented earlier in Anglo-Saxon countries (e.g. Hood 1991; Suleiman 2003), the White Paper proposed a reassessment of existing Commission priorities and the establishment of new ones. This would set the basis for the diversion of resources to those areas to which they were likely to give the best policy outputs. The overall goal was to encourage the various directorates and departments to focus more on results, rather than procedures – what the White Paper termed “Activity-Based Management.” To facilitate this, the Commission would formulate an annual policy strategy to set the basis for the work program of each individual administrative unit. The assignment of work programs would help decentralize decision making and promote personal responsibility. It would also make it easier to determine the amount of resources required to achieve specific policy outputs. To encourage the more efficient allocation of resources, the White Paper proposed the formulation of a comprehensive framework for externalizing activities – e.g. outsourcing.

The third theme of the reform initiative was the improvement of financial management and control as well as the establishment of more robust audit procedures. This part of the modernization project was tightly connected to the previous one. Activity-based management would facilitate the determination of a work program for each official, specify output expectations and devolve responsibility for their completion. Those

officials making operational decisions involving expenditure would also assume financial responsibility. To deal with criticism about lack of responsibility and to address problems related to the increasing number of financial transactions – which doubled to 620,000 per year in five years – the Commission proposed the decentralization of financial control. Directors-General would be made responsible for adequate controls of their departments and managers would be held accountable for the financial decisions they take. According to this scheme, each unit would develop an independent audit capability. Moreover, the Commission proposed to set up two additional bodies, the Central Financial Service and Internal Audit Service, to advise and assist the managers and directors with financial control. In addition, an Audit Progress Committee would control audit processes, oversee the implementation of audit recommendations and assess the quality of audit work. Finally, there would be measures to maximize the prevention of financial irregularity through improvements of existing procedures.

The last and lengthiest theme of the reform project related to the modernization of human resources policy from recruitment to retirement. In line with its earlier proposals, the Commission sought to strengthen the middle-management by devolving granting Heads of Unit autonomy for operational and financial decisions. Moreover, it identified management ability as the most important criterion for appointments. With regards to recruitment, the White Paper proposed to improve the organization of open competitions and tests by taking into account the best practices in national and international administrations. One of the most notable suggestions regarded the establishment a more linear career structure that would increase the incentives for improving performance. Appraisals would be made with the attribution of points and, consequently, promotion would depend mostly on merit, rather than seniority. Over-performance would be awarded and under-performance would be dealt with more systematically. To improve the working environment, the Commission would grant the right to family leave, introduce more flexible working hours and strengthen the existing equal opportunities scheme. The White Paper also suggested improving the disciplinary and “whistle-blowing” systems.

The Commission hoped to complete the 98 reform-related actions outlined in the White paper within two years and to review the progress of the reform in 2002. By February 2003, when it published its first comprehensive analysis of the reform effort, it could claim the completion of 87 out of the 98 actions. The few delays related to the development of the new procurements and accounting systems. There was also some lag with work programs, internal controls and project management. Unsurprisingly, personnel policy proved to be the most contentious issue causing significant tension between the Commission and the unions. The new set of Staff Regulations was adopted in May 2004 after a prolonged period of negotiations with staff representatives. Nevertheless, some of the most innovative aspects of the reform, like the new appraisal system and the new structure were adopted much earlier. By 2005, the Commission claimed the completion of all 98 actions (Table 1).

[Insert Table 1 here]

Assessing the reform

The swift completion of the action plan has largely been taken as a mark of its success. The Kinnock reforms have come to be regarded as “a historic accomplishment” (Kassim 2004: 33) or as a remarkable achievement that far exceeds previous modernization efforts (Bauer 2007: 52). Indeed, on a number of fronts the Commission has managed to make substantial progress. For example, the average number of days it took for the Commission to make a payment decreased from 54 in 1999 to 42.9 in 2003. And in 2003, between 80-90% of public mail was replied to within the standard deadline compared with 70% in 2002. Moreover, the number of days spent for employee training increased from 6.9 in 2001 to 8.32 by 2003. During that year, 7.000 Commission officials participated in financial training and 500 middle managers took management courses. There was also progress in the implementation of the equal opportunities scheme: the number of female top managers increased from 22 in 1998 to 39 in 2003 and the number of incoming female A-grade officials increased from 27.6% in 2002 to 33.3% (European Commission 2003; 2004).

But apart from the progress achieved on these specific areas, the overall impact of the reform on the workings of the organization is harder to assess. This is largely because a considerable number of reform-related tasks involved the drafting of proposals, reviews or rules and setting up new institutions, systems or committees. The completion of such tasks set the basis for changing but it did not necessarily improve the workings of the Commission. Moreover, the reform has largely been assessed on the basis of task completion rather than actual performance. Despite the emphasis of the reformers on output, there is a peculiar absence of specific indicators for measuring the relative success of the reform. The few indicators used by the Kinnock team to assess progress in the implementation of the reforms have mostly been put in place after the reform was well on its way. Using different criteria, Levy (2006) presents a strikingly different picture of the modernization effort than the one given by the Commission. He argues that the reform increased the workload of the officials and created more dependency relationships through the establishment of new processes. His “on-paper” analysis suggests that by 2004 the Commission implemented fully or partly only half of the actions it claimed it had completed. This negative assessment of the modernization effort confirms insiders’ claims that the reform failed to bring about the desired effects. One of them, former chief accountant Marta Adreassen, was suspended in 2002 after blowing the whistle on the Commission’s financial control mechanisms. Her claims were substantiated by a leaked report from the internal auditor that noted many procedural or systemic deficiencies on reform-related tasks that were marked, in the 2003 review, as completed (European Commission 2004: 63-69). Further doubt about the effectiveness of the reforms was cast by the financial irregularities discovered in Eurostat during 2003.

The view from the top

Our survey of nearly 200 top Commission officials presents a different view of the modernization effort. The survey was carried out between March and December 2005 through semi-structured interview and it sought to build on the findings of Liesbet Hooghe's impressive work on the Commission (e.g. Hooghe 2001). All top officials were asked in writing to participate in the survey and a representative sample – 68% of Directors-General, 59% of Depute Directors-General and 52% of Directors – granted us hourly interviews. To this notable pool of 133 top managers, we added a convenient sample of 55 middle managers or Heads of Unit to explore if views about administrative reform vary across managerial levels. The sample includes officials from all directorates and from most of the Commission's general and internal services. The geographical distribution of the sample is also balanced. More than half of the officials come from the five most populous member states: Britain (13%), France (13%), Spain (11%), Germany (10%) and Italy (10%). The Belgians make up 10% of the sample, the Dutch 6% and the Greeks another 6%, while only 2% come from the 10 new members states. Almost half (45%) of the interviewees have been trained as social scientists, 28% have degrees in the natural sciences and 23% have a law degree. As Hooghe also found (2001: 54), four out of ten top officials have received at least one educational degree away from their country of origin. The overwhelming majority of the officials we interviewed had worked for the Commission for at least 10 years: 40% joined the Commission between 1986 and 1995; 28% joined the preceding decade; and 17% before 1976. But despite their long tenure in this supranational organization and their lengthy leave from their home country, top officials continue to follow national politics with great interest. Asked how closely they follow politics in their own countries, only 7% responded "not much" compared to 41% who said "very closely," 34% who replied "closely" and 19% who answered "pretty much." Moreover, four out five still vote in national elections.² What do they vote for? Mostly for the Left, if one is to take into account their self-placement on a 1-10 Left-Right scale: 55% placed themselves between 2 and 4.5, 19% on 5 and 26% between 5.5 and 8.

Apart from these background questions, the survey asked top officials about their professional experience, the organizational culture of the Commission and their vision of the European Union. A battery of five questions dealt specifically with the organizational structure of the Commission and with the Kinnock reforms. The survey followed the completion of all reform-related actions and anticipated the internal deliberations about the future of the modernization drive. Top Commission officials had experienced first-hand the intense efforts to change the workings of the organization and were best placed to assess its outcome. Along with the middle management, top officials lifted the heaviest burden of the modernization drive: they had to follow new appraisal procedures, implement financial controls in their units and oversee the shift to activity-based management. The survey sought to tap into their first-hand knowledge by asking them to comment on the overall workings of the Commission and to assess the most contentious part of the Kinnock reforms, that relating to the management of human resources. During a time when the Barroso Commission was discussing the future of the

² The number would be considerably higher if one were to count British nationals, who are not allowed to vote in British elections.

reform initiative, the survey also asked officials to sketch the contours of future reforms. The remainder of the article records their responses.

Not a hierarchical beast

Overall, top officials do not seem to share the commonly held view that the Commission is hierarchically structured, along the lines of the French and German bureaucracy. Out of the 189 officials that responded to this question, 110 or 58% “disagreed” or “strongly disagreed” with the notion that the Commission is “too hierarchical.” Views about the structure of the Commission cut across rank, but not across levels of seniority. Unsurprisingly, newer employees are more likely to view the Commission as being hierarchical than those who have worked for the Commission longer (Table 2). Of course, in such a multicultural organization perceptions of hierarchy are likely to vary significantly depending on one’s national basis for comparison. Many of the respondents explicitly compared the Commission with national administrations. As one of them put it, “Yes, I agree it is hierarchical, but only because I am Swedish.” A number of the respondents associated the hierarchical nature of the Commission with its resemblance of the French and German administrative models; or, with the emphasis that south and continental administrations place on strict hierarchy. Others presented a much more nuanced picture, relating the degree of hierarchy to the size, function and culture of each individual directorate. Another frequent response was that it largely depends on the personality of the person in charge and – again – their national background. In the words of a British director, “the degree of hierarchy depends a lot on the culture of the specific DG and on the person who heads it. In DG Agriculture, successive Directors General have been French and therefore brought about hierarchical culture.” Interestingly, while many officials despise the hierarchical nature of the institution, others think it is “a necessary evil,” as there is no other way to run a “big complex organization.” Despite other misgivings with the workings of the organization, many officials think that the Commission has become less hierarchical over time. Out of the one hundred officials that commented extensively on the question about hierarchy, thirteen noted an improvement from before, mostly in terms of accessibility to the top as well as flexibility. None of the officials suggested that the Commission became more hierarchical (Table 3).

[Insert Table 2 here]

[Insert Table 3 here]

Merit-based recruitment

Apart from their views on the overall structure of the Commission, the survey also asked officials to comment on the overhaul of personnel policy. Through changes in the management of human resources, the Commission mainly aimed at boosting staff motivation and enhancing meritocracy (European Commission 2005: 3). But the reform of personnel policy proved to be the most contentious aspect of the modernization effort. Not surprisingly, some of the proposed changes in personnel policy initially met stiff resistance from employee unions and the revision of Staff Regulations was delayed until

May 2004. The survey sought to tap into the experiences of top managers in the implementation of the personnel reforms. To do so, it focused on one of the most sensitive components of the reform package, the new staff appraisal and promotion system. By 2005, when we conducted the survey, the Prodi Commission had completed two full exercises of the new system. Due to the resistance these exercises met from staff, in March 2004 it commissioned an in-depth external evaluation of the system, “with a view to improving, in particular, the link between merit and promotion” (European Commission 2005: 7). Our survey, then, sought to examine exactly this: the capacity of the new system to reward merit. After a quick reference to the Kinnock reforms, we asked top officials whether the promotion system was fully merit-based. As a control, we asked a similar question about a much less sensitive issue, the recruitment of new officials.

The views of top officials on the recruitment procedures of the Commission are generally positive. More than half of the respondents think that recruitment is “fully merit-based” and another 40% think that it is “mostly merit-based.” Only 7% think that recruitment is “not merit-based at all.” Interestingly, the views of top officials vary considerably depending on their rank and experience. The higher up on the hierarchy and the more their years of service in the Commission, the more likely they are to think that the recruitment process is fully-merit-based. Hence, only 36% of Heads of Unit consider recruitment to be fully merit-based compared to 73% of Directors-General; and only 40% of the newest officials think so compared to 72% of the officials with the lengthiest service (Table 4). Although most officials think that recruitment is based on merit, many think that the open competitions might be rewarding the wrong types of merit. As one of the respondents noted, “recruitment is fully merit-based, but the wrong merit is being tested. People who are recruited can often lack the skills necessary to complete particular tasks.” Moreover, many interviewees distinguished between recruitment for lower and higher ranks: “The higher you get, the less merit-based the system becomes, and the more important political and nationality considerations become.” For many top officials, there is a significant element of randomness in the procedure, as the Commission hires only a tiny fraction of the 50 thousand people who take its exams. And for others, the process is too bureaucratic and rigid, causing delays in resourcing units.

[Insert Table 4 here]

Promotion: Mixed picture

The responses of top officials to the question about promotion paint a less rosy picture than the one given by their thoughts on recruitment. Whereas half of the survey respondents think that recruitment is “fully merit-based,” only 16% view promotion to be so. The vast majority of them or 72% think that promotion is “mostly merit-based,” while 12% think that the process is not merit-based at all. Naturally, the percentage of those who hold positive views of the promotion process decreases along with rank and seniority. The higher officials are on the ladder the more favorable their view of the process that got them there. Hence, while 29% of Directors-General view promotion as being fully based on merit, only 10% of Heads of Unit think so. Interestingly, 21% of

middle managers think that the system is not merit-based at all, compared to a mere 3% of top managers (Table 4).

Many top officials think that, apart from merit, various other considerations are taken into account when promotion is decided. Among those who gave extensive responses to the question about promotion, a significant number noted that seniority is still important, in part due to the concessions Kinnock had to make to the trade unions. Many others suggested that politics or nationality is still important, especially for high ranking officials (Table 5). As a Head of Unit noted, "I know I will never be a Director-General because there are already three Spaniards." A large number of the respondents (55) responded to the question by comparing the current state of affairs with the previous one. The majority of them (31) noted an improvement from before, 16 said that things stayed as before and only 8 of them said that things had become worse.

[Insert Table 5 here]

Commenting on specific aspects of the new appraisal and promotion system, top officials painted a mixed picture. Many of them said that the new system increased transparency and helped make top managers more accountable for their decisions. A typical response was that "the Kinnock reforms made things more transparent but at the top of the organization nationality still counts." Another respondent noted: "Yes to Kinnock! The system is more transparent now and it is easier to explain decisions to the staff." Similarly another remarked: "indeed, it is more merit based now than in past. The old system wasn't that bad. But this one is more transparent." But many officials also noted negative aspects of the new promotion system. Many were particularly critical of the point-based appraisal system. The words and phrases used to describe it should suffice to give the overall picture: stressful, awful, demotivating, poisonous, tension-creating, bad for teamwork, etc. Moreover, a number of officials pointed out that the increase in transparency came at the cost of cumbersome procedures that overburden managers. "Now the system is clean and clear. But the exercise is very complicated and heavy and the process has become very time-consuming." Others think that the administrative cost has come at no extra benefit: "The Kinnock reforms did not improve things. They haven't really changed things... The old system was merit based; the new system just made things more cumbersome." Yet others were even more negative: "This Anglo-Saxon, private-sector system is probably making things less efficient. It is making things worse, much more cumbersome. Most private companies are abandoning this system."

Administrative overdrive?

The misgivings of top European officials about the cumbersomeness of the new personnel policy are largely in line with their views about the expanding body of rules that governs the Commission's workings. The vast majority of our interviewees (60%) "strongly agree" or "agree" with the statement that the Commission is "too bound by rules." As shown before, this contrasts with their views on the overall structure of the Commission. The cross tabulation of their responses on rule-boundedness shows that they cut across rank or seniority (Table 6). Top officials criticize the "tendency toward

the bureaucratization” brought about by the Kinnock reforms, especially with regards to financial rules. As a Director General complained, “financial controls were weak; now they are too strong. Regardless of whether you are a big or a small spender, you have the same rules.” According to some officials, the Kinnock reforms have brought about an “administrative overdrive” that led to the “proliferation of controllers” and put officials on guard to protect themselves. As one official noted in exasperation, “it has gotten out of hand! There are too many cooks. There’s a ‘security’ mania. Everybody is afraid of taking risks.” Some officials see the expansion in the body of rules as necessary, in order to thwart pressures from member states against the Commission, particularly after the Santer resignation. But although they understand this as a necessary step to respond to public criticism, they complain that the “reform pendulum swung too far” and that “exaggerated controls have been put in place” to “overcompensate for the previous crisis.”

[Insert Table 6 here]

Discussion

Overall, the view emerging from the top of the organization is that the Kinnock reforms have achieved progress in some areas but at the cost of introducing burdensome rules and cumbersome procedures. The top management thinks that the Commission is not as hierarchical as it is often portrayed and that in recent years it has become less hierarchical. The vast majority of the 200 interviewees also think that the Commission uses recruitment and promotion systems that are largely meritocratic, despite the various national or political considerations that it is compelled to take into account. But these positive developments should not conceal what appears to be a general trend towards the bureaucratization of the Commission. The vast majority of surveyed officials think that the organization is too bound by internal rules at the detriment of individual initiative. They view the procedural turn of the past few years as an administrative overdrive that undermines the willingness of officials to take risks. Moreover, the growing body of rules and regulations is thought to be burdensome, frustrating and demotivating. An example is the introduction of the new promotion system, which created lengthy bureaucratic procedures.

The trend towards the bureaucratization of the Commission has generated strong demands among its top management for simplifying and streamlining the expanded body of rules that have been set in place the past few years. This demand was expressed unequivocally when we asked officials which reforms they would like to see implemented in the future. Out of the 242 suggestions we recorded, more than a third (35.4%) were about the simplification of the rules or procedures governing the organization. Another 14% regarded the streamlining of the organization and its rules (Table 7). The extensive remarks of some officials are telling of their exasperation: “In the future, the Commission has to simplify procedures. I can’t go to a meeting without getting 50 signatures!” “We need to simplify things a lot!” “Much more simplified, logical, practical rules are needed. To control one Euro you spend a lot of money, it’s ridiculous.” The administrative reforms of the past years are not only threatening

efficiency, but more importantly, they seem to be undermining the capacity of the Commission to take risks and to innovate. Many officials note that the introduction of so many rules has made people “obsessed with risk.” They believe that “there is a tremendous amount of risk aversion in the Commission.” “People have become afraid of fraud and this fear is paralyzing” as fewer are willing to take initiatives. “We need to be able to take risks. We need to distinguish between errors and fraud. We now want zero errors, which can't work.” At the same time, the enforcement of lengthy procedures seems to diffuse responsibility and to undermine individual autonomy. This might explain why 9.5% of the suggestions were about empowering employees by granting them more autonomy. In thinking about future reforms, many officials noted that “the responsabilization or the empowering of officials” is the way forward. For others, though, this might still be a risky approach. A considerable number of officials argued that no more reform should be undertaken before the organization is given time to digest the previous changes. As one official characteristically put it, “the past eight years have witnessed permanent reform. The behavioral rules of the game are changing every two years. The biggest future reform, then, would be to have a pause in the reform process. We need to stop for a while.”

[Insert Table 7 here]

Conclusion

The political storm that led to the resignation of the Santer Commission set in motion the most ambitious reform initiative the organization has ever witnessed. Now that the dust has started settling, it appears that the reform pendulum has swung too far. Although significant progress has been achieved, it has come at the expense of increasing bureaucratization. The growing body of internal rules set in place to keep officials accountable limits their autonomy, stifles initiative and diffuses responsibility. This might not have been so problematic for any national administration. For the Commission, though, the trend towards bureaucratization is particularly troublesome because of its unique institutional role in the European Union as policy innovator. To the extent that bureaucratization limits the discretionary powers of individual officials, it tends to undermine the Commission's capacity to formulate innovative policies and hence, its ability to push its supranational agenda.

It might be time, then, to consider swinging the pendulum back by simplifying and streamlining the body of rules and regulations that govern the workings of the European Commission. To its credit, the Barroso Commission recognizes the need for reversing the current trend towards bureaucratization. In its report to the European Parliament on the “reform beyond the reform mandate,” the Commission acknowledges the need to strike a “better balance between the costs and benefits of control.” It sets the “simplification of procedures and working methods” as its “cross-cutting objective” and wants to streamline some of the newly-introduced controls “to achieve productivity gains” (2005: 12). But how easy will it be to roll back the vast body of rules that have been put in place to keep the Commission accountable? Can the trend towards

bureaucratization be reversed? Can the reform pendulum now swing in the other direction?

There are important reasons to doubt this. The recent reform drive resulted from a legitimacy crisis that created strong public demands for making the Commission more accountable. In response to such demands, both the European Council and the European Parliament invested considerable political capital in the reform project. The Prodi Commission did not only have a comprehensive modernization plan but it also had the political backing to implement it. Any plan to reverse the course set out by the Prodi Commission by simplifying the cumbersome rules and by rationalizing the exaggerated controls that have been put in place, would require at least as much political backing. Can the Commission expect such support in the foreseeable future? Probably not. In the coming years, it is unlikely that the political patrons of the Commission will risk their political capital to reverse the course towards bureaucratization and to grant the Commission more discretionary power. Rising levels of Euro-scepticism and growing public anxieties over the loss of national sovereignty are likely to be strong impediments against the return to the era of political discretion and entrepreneurship. Although the reform pendulum has swung too far, it is unlikely to swing in the other direction any time soon.

Table 1: Progress in implementing the 2000 action plan

	2000	2003	2004	2005
Service-based culture	11	9	9.5	11
Priority setting and resource allocation	9	8	9	9
Financial management, audit and control	42	38	42	42
Human resources	36	32	35	36
Total	98	87	95.5	98

Source: European Commission; various reports on reform.

Table 2: Question: Some say the Commission is too hierarchical. Do you agree? (%)

Position (N=183)	No	Yes
DG/DDG	58	42
D	63	37
HU	50	50
Total	58	42

Seniority (N=172)	No	Yes
0-10 years	46	54
11-20	53	47
21-30	71	29
>30	72	28
Total	60	40

Table 3: Remarks to question if Commission is too hierarchical (N=100)*

Less hierarchical than (national) administrations	6
As hierarchical as (national) administrations	10
More hierarchical than (national) administration	6
Improved from before	13
Same as before	1
Depends on Directorate	8
Depends on D/DG/Commissioner	11
Hierarchy is necessary	10
Easy access to top	8
Flexible	6
Others	30
Total	109

*Some respondents touched on several themes, and their remarks were counted more than once.

Table 4: Question: One of the most important set of reforms in the recent past, the Kinnock Reforms, dealt with the issue of recruitment/promotion. Do you think recruitment/promotion in the Commission is fully merit-based?

Recruitment merit-based (%)

Position (N=183)	Fully	Mostly	Not at all
DG/DDG	73	27	0
D	56	35	9
HU	36	55	9
Total	52	40	7

Seniority (N=172)

	Fully	Mostly	Not at all
0-10 years	40	48	12
11-20	49	42	9
21-30	55	39	6
>30	72	28	0
Total	53	39	8

Promotion merit-based (%)

Position (N=183)	Fully	Mostly	Not at all
DG/DDG	29	68	3
D	17	74	9
HU	10	69	21
Total	16	72	12

Seniority (N=166)

	Fully	Mostly	Not at all
0-10 years	8	68	24
11-20	17	69	14
21-30	14	80	6
>30	36	57	7
Total	18	70	12

Table 5: Responses to question whether promotion is merit-based (N=140)*

<u>Mostly merit-based but...</u>	
...nationality also important	10
...connections also important	7
...seniority also important	19
...politics also important	16
...gender also important	1
...visibility also important	3
...only up to a certain rank	9
<u>Comparison across time</u>	
Improved from before	31
Same as before	16
Worse than before	8
<u>Positive and Negative Aspects</u>	
More transparent/more accountability	18
Point-system has negative effects	14
More rigid/cumbersome/ bureaucratic/complicated	28
Other	34
Total	214

*Some respondents touched on several themes, and their remarks were counted more than once.

Table 6: Question: Some say the Commission is too bound by rules. Do you agree? (%)

Position (N=183)	No	Yes
DG/DDG	38	62
D	37	63
HU	45	55
Total	40	60
Seniority (N=166)	No	Yes
0-10 years	25	75
11-20	44	56
21-30	42	58
>30	36	64
Total	39	61

Table 7: Question: What kind of reforms, if any, would you like to see implemented in the future? (N=182)

	Reforms	
	Mentioned	%
Streamlining	34	14.0
Simplifying	86	35.5
Devolve responsibility/More autonomy	23	9.5
None	23	9.5
Don't know	14	5.8
Outsourcing	8	3.3
Resourcing/Increase resources	4	1.7
Flexibility	9	3.7
Coordination	8	3.3
Other	33	13.6
Total	242	100.0

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